

REMARKS**A. REQUEST FOR CONTINUED EXAMINATION**

This paper is being filed in response to an Office Action mailed December 14, 2004 and after the filing of a Notice of Appeal on June 14, 2005. Upon further review of the file, instead of filing an Appeal Brief we have decided to file these remarks and amendment:

to correct obvious typographical errors in independent Claims 34 and 61;

to add new Claims 65-70;

to pose additional questions to the Examiner based on the Examiner's implied suggestion that we do so (by citing on page 21 of the present Office Action to a non-precedential opinion of the Board of Patent Appeals and Interferences (the "Board") that suggests that the only mechanism available to us to challenge an Examiner's affidavit is to pose such questions during prosecution);

to request that objective evidence be made of record for unsupported assessments of the prior art (and, if any such assessment is based on personal experience, to request that the Examiner provide an affidavit to document and attest to what the Examiner witnessed); and

to reiterate our previous questions about the Examiner's witnessing of an alleged prior art system (and we respectfully note that it is not clear why, having read and cited that particular Board opinion, the Examiner then again chose to ignore the Board's clear suggestion that the Examiner is obligated to answer such questions) in order to provide the Examiner yet another opportunity to respond and to ensure that the best available evidence is made of record.

Prior to entry of this Amendment, Claims 1-44, 46-50, and 56-64 were pending and rejected.

Upon entry of this Amendment, Claims 1-44, 46-50, and 56-64 remain pending. Claims 34 and 61 will be amended to correct a minor and obvious typographical error and to correct/clarify an error in reciting a claimed feature, respectively. Dependent Claims 65-70 will be added. Claims 1, 56, and 61-63 are independent.

A Request for Continued Examination (RCE), along with the appropriate fee, is being filed concurrently to ensure consideration of these remarks and amendment.

B. SECTION 103(A) REJECTIONS

Claims 1, 2, 5-16, 18, 19, 29-32, 42-44, 49, and 56-64 stand rejected under 35 U.S.C. § 103(a) as being obvious in view of factual assertions allegedly supported by a combination of evidence in:

an affidavit describing a personal experience of Examiner James Myhre attested to on December 22, 2003 (the "Myhre Affidavit"), and
U.S. Patent No. 5,721,827 issued to Logan et al. ("Logan").

Claims 3, 4, 17, and 33-40 stand rejected under 35 U.S.C. § 103(a) as being obvious in view of factual assertions allegedly supported by a combination of evidence in:

Myhre Affidavit,

Logan, and

U.S. Patent No. 5,636,346 issued to Saxe ("Saxe").

Claims 20-28, 41, 46-48, and 50 stand rejected under 35 U.S.C. § 103(a) as being obvious in view of factual assertions allegedly supported by a combination of evidence in:

Myhre Affidavit,

Logan, and

U.S. Patent No. 5,515,270 issued to Weinblatt ("Weinblatt").

We respectfully traverse all of the Examiner's rejections for the reasons discussed above. Additional arguments with respect to some claims are discussed below.

1. Summary of Arguments**1.01. No prima facie case of obviousness for any claim**

All of the Section 103(a) rejections fail because the Examiner does not make the requisite showing based on actual evidence of record that all of the claimed subject matter of any claim was known, and the record also cannot support the Examiner's assessments of the prior art with substantial evidence. The Examiner has not made any prima facie case of obviousness, and in any event no evidence is of record that could support a showing of obviousness. Further, even if the evidence of record disclosed all of the assessments asserted by the Examiner, the evidence of record lacks any teaching, suggestion, or motivation to modify or combine the alleged teachings, in the manner suggested by the Examiner, to produce any of the specific combinations of features of any claim. Also, even if

the evidence of record supported the Examiner's purported motivation(s) to combine the asserted teachings in the manner suggested, the resulting combination would fail to teach or suggest all of the specific features of any claim. Accordingly, all of the Section 103(a) rejections should be reversed.

1.02. No substantial evidence of an offer provided after there is an indication of an item that a customer is to purchase from a merchant

All independent claims generally include limitations that an offer is provided after there is an indication of an item that a customer is to purchase from a merchant. Applicants note that evidence of record regarding the practices of Radio Shack™ selling cellular telephones (e.g., the documents v, w, and x provided by the Examiner in the Notice of References Cited provided with the Third Office Action; the document submitted by Applicants with the Declaration of Dean Alderucci) does not disclose that any offer is provided after receiving of an indication of an item that a customer is to purchase from Radio Shack™. Thus, the objective evidence of record contradicts the Examiner's subjective recollection (as made of record in the Myhre Affidavit) of an alleged prior art practice he witnessed 11 years ago, and that recollection cannot constitute substantial evidence for at least that feature of the rejected claims.

1.03. Examiner's Reliance on the Board's Opinion in 09/045,518

In addressing our arguments that the Myhre Affidavit is insufficient evidence on which to base all of the Section 103(a) rejections, the Examiner cites portions of an opinion of the Board in another application (09/045,518) that addressed some of the same arguments we have made in this application. [Office Action, pages 20-22]. The Examiner's treatment of this opinion, however, is inappropriate and inconsistent.

First, that opinion is, to the best of our knowledge, non-precedential.

Second, the opinion refers to a completely different affidavit of the present Examiner (i.e. a completely different recollection of completely different events and practices witnessed by the Examiner) that was directed against different claimed subject matter. If, hypothetically, the Board had found that a particular patent was substantial evidence with respect to the other application, the Examiner could not then in this application state that a different patent must be per se substantial evidence of the prior art for use in this application, based on such a finding. Similarly, any purported findings of the Board regarding the substantiality or sufficiency of another affidavit for another personal experience cannot be ascribed per se to the Myhre Affidavit at issue in this application.

Third, as noted by the Examiner, the Board stated: “We do not agree with the appellant that the examiner’s Affidavit is based on hindsight.” [page 36]. As discussed above, however, this particular finding cannot be ascribed per se to all affidavits. Further, the Board rather strongly implied that the failure of the Applicants to establish hindsight was due to the Board’s belief that Applicants should have questioned the veracity of the information set forth in the other affidavit during prosecution. This is not a per se determination that all affidavits are free of impermissible hindsight. [pages 36-37].

Fourth, we have repeatedly provided questions to the Examiner during prosecution in this application to clarify and explain what the Examiner witnessed, in the very manner outlined in the portions of the Board opinion cited by the Examiner. The Examiner, however, inconsistent with that opinion, has never addressed any of these questions. It is not clear why the Examiner believes the Board opinion may have precedential value with respect to the very fact-specific issues related to the other affidavit, yet also appears to believe that the Board’s statements regarding the propriety of an applicant’s ability to question information in an examiner’s affidavit may be ignored.

Fifth, the examiner’s Section 103(a) rejections of the claims appealed in the other application were based on a combination of two patents and the other affidavit. In another portion of the opinion, the Board explicitly held the affidavit to be cumulative of the cited patents. [page 39]. Arguably, the Board’s determination that the other affidavit was not based on hindsight reasoning was based in part on the finding that the Examiner’s recollection of another personal experience was cumulative of other objective evidence in the prior art—that is not the case in the present application. To the contrary, as discussed above, objective evidence of record contradicts aspects of the practice described in the Myhre Affidavit.

Sixth, the Board never relied upon the other affidavit in maintaining the rejection of any claim in the other application—only the patents were used. In the only instance where the Board did consider how the Examiner had relied upon the Examiner’s description of his own experience in assessing the prior art, it found that the Examiner’s assessment of the prior art and reliance on the other affidavit could not be supported by the examiner’s own description of what he witnessed. [page 50].

2. **Examiner's Refusal to Respond to Requests for Information & Reiterated Requests**

Applicants note that the experience alleged in the Myhre Affidavit relates to the operations of the prominent retailer Radio Shack™, which has been a publicly traded company (NYSE: RSH) since 1970.

Applicants have searched and found no evidence whatsoever of the practice alleged in the Myhre Affidavit occurring in the U.S. during the time period alleged.

As stated previously, Applicants have searched and found no evidence whatsoever of the practice alleged in the Myhre Affidavit occurring in the U.S. during the time period alleged.

Accordingly, Applicants have requested that the Examiner conduct a prior art search to provide reliable documentary evidence of the allegations, and to provide specificity to the allegations. We note that the burden is on the U.S. Patent and Trademark Office to demonstrate with substantial evidence that a claim is unpatentable. Until such a showing is made, Applicants need not demonstrate patentability.

In order to either confirm or deny that such a practice existed, Applicants reiterate their request for any valid documentation that indicates, for the time period in question (i.e. 1991 and 1992):

- where in the U.S. the alleged practice occurred prior to the date of invention
- that Sprint™ sold any cellular telephones through Radio Shack™
- any price lists of the "current price" of a cell phone which was alleged to be "\$250"
- any "service agreement with Sprint™" which indicates discounted prices
- any "list of service plans" offered by Sprint™ with their costs and the amount of discount each would bring"
- any "Sprint™ application form"

Applicants also request clarification why the Myhre Affidavit was not provided earlier than April 2003, since it purports to describe events from well before examination, and moreover the pending claims were never amended during examination before the affidavit was provided. In particular,

- when issuing the first Office Action (paper no. 15) and second Office Action (paper no. 19):
 - did the Examiner have any memory of the alleged personal experiences, or instead
 - did the Examiner only recall the alleged personal experiences after the Appeal Brief was filed on February 14, 2003?
- if the Examiner did not recall the alleged personal experiences in light of the Appeal Brief, was there any publication or other document (including a patent application) read by the Examiner, a conversation with a third party (including another Examiner), or some other event that triggered the Examiner's memory of the personal experience, and if so, what was the nature of the event?

Applicants previously requested the additional information outlined below. [Response mailed October 4, 2004 (pages 39-41); Response mailed October 22, 20003 (page 7)]. The Examiner has never responded to any of these requests. Applicants reiterate the requests for the third time so that the case is placed in the best condition with the best available evidence for review.

Please state in a new affidavit or declaration answers to the following questions. For each question, where appropriate, please also indicate if the Examiner does not remember, or is not sure he completely remembers:

- Whether the Examiner has been to any Radio Shack™ store or Radio Shack™ online web site at any time during or after 1997.
- Whether the Examiner has been to any store or online web site which sells any wireless communication device (including cellular telephones) at any time during or after 1997.
- Whether the Examiner has purchased any wireless communication device (including a cellular telephone) and / or any wireless communication device service plan at any time during or after 1997.
- Whether the Examiner has ever disclosed to others not employed by the U.S. Patent and Trademark Office that Applicants were fruitlessly pursuing a patent for the present subject matter, and if so, to whom.
- Whether the Examiner has ever previously misremembered any facts in executed affidavits or declarations.
- Approximately how many similar systems the Examiner has dealt with at any time during or after 1997.

- Whether the Examiner has ever misunderstood or misremembered a published reference such that the Examiner's interpretation of a series of steps in the published reference was erroneous.
- The Examiner's current age.
- The specific dates in 1991 and 1992 of the personal experience at the store in question.
- Whether the prices cited in the affidavit (\$250 for a cell phone, \$50 for a cell phone "discounted price") are actually what the Examiner recalls the prices to be, or whether they are examples not based on any actual remembered prices.
- The specific details of the service plans at the store in question, including requirements that the customer be a certain age, and what benefits were afforded such customers.
- The specific details of the service plans at the store in question, including certain demographic requirements that the customer, and what benefits were afforded such customers.
- The specific subsidies provided for specific lengths of service contracts at the store in question.
- The specific subsidies provided for specific costs of phones at the store in question.
- The specific location, or locations if more than one, of the store in question.
- The specific information that was required to be entered on the "Sprint™ application form".
- Whether offers provided to the customer were from the manufacturer, advertiser or service provider.
- The specific identifying information, such as names and contact information, of anyone that can verify the accuracy of any of the allegations in the affidavit or declaration.

If the Examiner cannot provide or is unwilling to provide any of the above information, we respectfully request a clear statement of record to that effect.

If the Examiner does not believe that he must provide any of the above information, we respectfully request an explanation of (i) how the Examiner reconciles that belief with the cited portions of the Board opinion and (ii) how the

Examiner believes such refusal affords due process to Applicants, complies with 37 C.F.R. § 104(d)(2), and/or still allows an opportunity for contradiction or explanation of the Examiner's recollection of his personal experience, to which the Examiner is still the only identified witness of record.

3. New Requests for Specificity Regarding the Myhre Affidavit

Applicants submit the following requests for additional information from the Examiner with respect to the contents of the Myhre Affidavit. Please state in a new affidavit or declaration answers to the following questions. For each question, where appropriate, please also indicate if you do not remember, or you are not sure you completely remember:

- Whether any aspect of the described practice was confidential.
- Whether any aspect of the described practice would not have been discernible by a customer or that a customer would not have known was taking place.
- How many individuals at the store(s) in question (e.g., other employees) were aware of the alleged practice.
- Whether James Myhre believes he developed, invented, or first used any portion of the alleged practice.
- Who James Myhre believes developed, invented, or first used any portion of the alleged practice, and what relationship James Myhre has or had with any such individual(s).
- Who instructed James Myhre on how the practice was to be carried out, when was the instruction provided, and how was it provided.
- Whether James Myhre ever varied from the described practice, how often, and to what extent.
- Whether James Myhre was, at the time of the personal experience, a person of less than ordinary skill, of ordinary skill, or of greater than ordinary skill in the relevant art(s).
- Whether James Myhre was, at the time the Myhre Affidavit was authored, a person of less than ordinary skill, of ordinary skill, or of greater than ordinary skill in the relevant art(s).
- Whether James Myhre ever learned from Sprint™ why a “Sprint™ application” was approved or disapproved, and how such an indication was provided by Sprint™ to James Myhre.

- Whether a “Sprint™ application form” was ever submitted, approved or disapproved for a customer before James Myhre “present[ed] a list of service plans offered by Sprint™” to that customer.
- How “Sprint™ would reimburse Radio Shack™ for the amount of the discount plus a processing fee,” the amount of the processing fee, and how James Myhre first learned of the reimbursement practice.

If the Examiner cannot provide or is unwilling to provide any of the above information, we respectfully request a clear statement of record to that effect.

If the Examiner does not believe that he must provide any of the above information, we respectfully request an explanation of (i) how the Examiner reconciles that belief with the cited portions of the Board opinion and (ii) how the Examiner believes such refusal affords due process to Applicants, complies with 37 C.F.R. § 104(d)(2), and/or still allows an opportunity for contradiction or explanation of the Examiner’s recollection of his personal experience, to which the Examiner is still the only identified witness of record.

4. Request for Actual Evidence of Record in Support of Examiner’s Assessments of the Prior Art

In the present Office Action, the Examiner makes many assertions that are not supported by actual evidence of record or by the references relied on by the Examiner in rejecting the claims (the Myhre Affidavit, Logan, Saxe, or Weinblatt). We traverse all such assertions. Objective evidence of all assessments is required in order to establish a prima facie case of obviousness, including assertions as to what was known, proposed motivations to combine or modify, or what was allegedly general knowledge of those of ordinary skill in the art. Accordingly, the Examiner’s unsupported assessments of the prior art may be relied upon in rejecting any pending claims. The assertions include:

“Each of the service plans had various rules which delineated the qualifications needed to be met by the customer and/or cell phone before it was a viable offerable option, e.g. subsidy based on length or terms of service contract, cost of phone, age or other demographics of the customer, etc.” [page 3].

“Official Notice is taken that it is old and well known within the retail arts for merchants to conduct business and sell a myriad of products, to include cellular telephones, on the Internet through web sites.” [page 3].

“While the application would also include information about the product (cellular telephone) that was being purchased by the customer, that information would be entered by the store clerk, not by the customer.” [pages 4-5].

“It is also would have been obvious to base the offer on other types of customer information, such as marital status. For example, it would have been obvious to present to a customer who is married and has teenage children an offer for a family calling plan (and, if the salesman is any good, additional phone sets). Whereas, such an offer would be inappropriate, or at least more likely to be rejected, if the customer was a young, unmarried college student.” [pages 5-6].

“If incorrect customer information has been entered on the application form, such as a misspelled name, it may be impossible for Sprint to complete a credit check and issue an approval of the application.” [page 6].

“Myhre implies such a penalty when Sprint returns a non-approval (rejection) of the application form, thus preventing the customer from not only receiving the benefit, but also from being able to activate the cell phone at the time of purchase (unless another service provider approves a secondary offer to the customer).” [page 7].

“...to prevent entry of fraudulent or inaccurate information into the database, to ensure the purchased item is delivered to the correct address, and to ensure that the credit card data is correct prior to releasing the merchandise to the customer.” [page 8].

“(i.e. the offer to subsidize the purchase of a cellular telephone is not provided if the customer is purchasing a computer).” [page 9].

“These offers are not only made at a merchant’s point of sale, but are prevalent throughout our ‘plastic’ society.” [page 9]

“Indeed, with the advent of ‘sponsored’ credit cards several years ago, such as banks and even gasoline companies issuing VISA cards, surveys have shown that each American receives dozens of such offers each year.” [pages 9-10].

“Indeed, even Radio Shack offered its own brand of credit card and included a percentage discount on your first purchase with it.” [page 10].

“One would have been motivated to ensure that the customer did not already have an account with the credit card issuer to avoid providing an excessive credit limit to a customer.” [page 10].

“It would have been obvious to one having ordinary skill in the art at the time the invention was made that the second merchant would require the customer information in order to provide an offer targeted to that customer.” [page 10].

“Therefore, Myhre’s disclosure of providing targeted offers from the second merchant infers that the customer information has been received by the second merchant prior to selection of the offer.” [page 10].

“One would have been motivated to provide the customer information after receiving the indication that the customer is willing to purchase an item in order to allow new customers, whose information was just being collected, to participate in the customized offer system.” [pages 10-11].

“Therefore, it would have been obvious...to allow the Radio Shack customer to credit the purchase price to a credit card account. One would have been motivated to charge the purchase price to a credit card account in order to eliminate the need for handling large amounts of cash by the customer and merchant.” [page 11].

“One would have been motivated to include this information in order to increase the accuracy and utility of the customer information database when used in marketing programs....” [page 12].

“...such as Sprint presenting special offers to new customer [sic] if they switch their [sic] other telephone services (local and/or long distance) to Sprint.” [page 12].

“One would have been motivated to include these types of price reductions and to place such a limit on the reduction in order to increase the flexibility of the system while preventing the merchant from losing money by actually paying the customer to take the item (if the price reduction exceeded the price of the item).” [page 14].

“...if the customer has not indicated a desire to purchase a cellular telephone no offer is provided. It is only after the customer has shown interest in purchasing a cellular telephone that the offer is made. If the customer indicates the desire to purchase a computer, for instance, the cellular telephone subsidy offer would not be presented.” [page 16].

“...an offer to subsidize one product if the customer purchases that additional product indicated in the offer is just one type of such promotional messages.” [page 16].

“...the customer must indicate an interest in purchasing a cellular telephone before a subsidy offer is made. If the customer indicates a desire to purchase some other product, such as a computer, the cellular telephone subsidy offer is not presented.” [page 17].

“The Examiner notes that without verifying that the customer information was accurate, i.e. correct name, address, etc., Sprint would not be able to perform a credit check on the customer, or determine if the customer had broken previous telephone contracts.” [page 17].

“If the customer entered in erroneous information, such as his own name and address but the Applicant’s credit card number, Sprint would not have approved the application because the customer information could not be verified (i.e. customer name does not match name on credit card).” [page 17].

“The Examiner further notes that verification of customer information during transactions is very old and well known and predates not only the present application, but also the present Applicant.” [page 17].

“The Examiner notes that as discussed in the rejection above, if the customer’s information cannot be verified (i.e. the customer name does not match the name on the credit card) the customer is penalized by having the transaction (and offer) refused.” [page 18].

“The Examiner notes that the offer from the second merchant to subsidize the customer’s purchase at the first merchant could pertain to any type of product or service sold by the second merchant, to include credit card services.” [page 18].

“The application form submitted by the customer in Myhre could have been an application form for any product or service provided by the second merchant (Sprint).” [page 18].

“It would also have been obvious to determine the customer’s present telephone service provider in order to determine whether or not the customer was an existing customer or a new customer to the second merchant.” [pages 18-19].

“The Examiner notes that while the above may have been true in 1992, by the time present invention was filed in 1998 it was not. The number of cellular telephone manufacturer and service provider [sic] had greatly expanded and interoperability between the product and the service providers had become the norm. Thus, by the time the present invention was filed it would have been obvious to provide offers from a plurality of second merchants (service providers).” [page 19].

We have reviewed the cited references (including the Myhre Affidavit) and cannot identify support for any of the above assertions in those documents. Applicants respectfully request that the Examiner specify, for each assertion, a citation to evidence in the record that the Examiner believes supports the assertion with substantial evidence. If no such evidence is currently of record, we respectfully request that the Examiner find supporting evidence and make it of record, or withdraw the assessment. If an assessment is based on the Examiner’s personal experience, we respectfully request that the Examiner (i) make a clear statement to that effect and (ii) provide a new affidavit in accordance with 37

C.F.R. § 104(d)(2) describing, with requisite specificity, the Examiner's recollection of the alleged prior art practices the Examiner witnessed.

5. The Myhre Affidavit is not substantial evidence

The Myhre Affidavit is uncorroborated by any evidence of record, and cannot form substantial evidence of the practices alleged to have occurred in 1991 and 1992.

5.01. One's Experience Alone is not Substantial Evidence

With respect to core factual findings in a determination of patentability, however, the Board cannot simply reach conclusions based on its own understanding **or experience** -- or on its assessment of what would be basic knowledge or common sense. Rather, the board must point to some concrete evidence in the record in support of these findings.

In re Zurko, 258 F.3d 1379, 1386, 59 U.S.P.Q.2d 1693 (Fed. Cir. 2001) ("Zurko IV") (emphasis added).

This requirement applies even though "the Board clearly has expertise in the subject matter over which it exercises jurisdiction." Zurko IV, 258 F.3d at 1385 - 86. This expertise may provide sufficient support for conclusions as to peripheral issues, not the core factual findings. Zurko IV, 258 F.3d at 1386. Deficiencies in cited references "cannot be remedied by the Board's general conclusions about what is 'basic knowledge' or 'common sense.'" Zurko IV, 258 F.3d at 1385 - 86.

Thus, the Federal Circuit has held that not only is an agency member's "own understanding or experience" not the same as "concrete evidence in the record", the agency member's "own understanding or experience" is not substantial evidence. Only "concrete evidence in the record" is substantial evidence. The Court could not "accept the Board's unsupported assessment of the prior art." Zurko IV, 258 F.3d at 1386.

It is worth noting that, in Zurko IV, the Court reversed the Board's judgment for lack of substantial evidence support. Zurko IV, 258 F.3d at 1386. It was therefore not merely an instance where the Board failed to articulate and place matter on the record, warranting remand. See, e.g., In re Lee, 277 F.3d 1338, 1346, 61 USPQ2d 1430 (Fed. Cir. 2002), (in the "fine line between agency reasoning that is 'so crippled as to be unlawful' and action that is potentially lawful but insufficiently or inappropriately explained", "in the former circumstance, the court's practice is to vacate the agency's order, while in the latter the court frequently remands for further explanation...while withholding judgment on the lawfulness of the agency's proposed action.")

In summary, an Examiner's or Board member's "own experience" standing alone, even if such experience is adequately explained, is not concrete evidence in the record, and is thus not substantial evidence.

5.02. Mere Documentation or Attestation Does not Create Substantial Evidence from Insubstantial Evidence

Since an Examiner's or Board member's "own experience" is not substantial evidence, it would be illogical to convert such undocumented experiences to substantial evidence merely by recording the personal experience in a separate document (e.g., an affidavit) and / or by allowing the assertion of personal experience to be affirmed under oath.

The Court could not "accept the Board's unsupported assessment of the prior art," even though the assessment was articulated in the record, and even though Board members are already bound in their duties to follow ethical canons that are at least as binding as an affirmation under oath. Therefore, an oath cannot be considered a "cure" for converting undocumented, personal experience into concrete evidence of record that would support an assessment of the prior art.

The formulaic documenting of and attesting to the Examiner's personal knowledge or experience, placed in the record in the form of the Myhre Affidavit, constitutes nothing more than a re-articulation of the Examiner's unsupported assessment of the prior art. Mere formalism and re-articulation of an assessment of the prior art or knowledge cannot support what was unsupported, or make concrete what previously was not concrete. An assessment of the prior art based solely on personal knowledge would be unsupported if articulated in an Office Action or even, as in Zurko IV, articulated in a decision by the Board; such an assessment is not suddenly transformed into concrete evidence merely by re-stating and re-affirming that assessment in a separate paper.

Rather than being interpreted as a transformative mechanism that could somehow recast what would otherwise be an unsupported assertion of the prior art into concrete evidence of that very assertion, an Examiner's Affidavit under 37 C.F.R. § 104(d)(2) is better understood as a procedure to clarify the record and to help save a lack of citation in an office action from one possible constitutional infirmity as denying reasonable notice and hence due process. In other words, it serves to document, encapsulate, and separate in the record a description of the Examiner's recollection of the Examiner's personal experience. Providing notice that an assertion of prior art is based solely on the Examiner's memory clearly identifies the source of the assertion. Merely providing such notice in accordance with 37 C.F.R. § 104(d)(2) does not, however, self-authenticate, self-substantiate, or self-corroborate the Examiner's recollection.

In light of the recent Federal Circuit decisions in Zurko IV and In re Lee, an Examiner's Affidavit under 37 C.F.R. § 104(d)(2) cannot be considered substantial evidence of assertions which are not supported by concrete evidence in the record. Moreover, that rule never specified that such an affidavit by an Examiner was to be considered, standing alone, substantial evidence that may be used as a primary basis for rejection.

Instead, the rule providing for affidavits of Examiners might be better analogized to Official Notice, which is properly used only to "supplement or clarify the teaching of a reference." In re Ahlert, 424 F.2d 1088 (C.C.P.A. 1969) (emphasis added).

5.03. Questionable Memory

It is a judicially-recognized fact that the accuracy of one's recollection must be questioned in light of the frailties of human memory. See, e.g., Woodland Trust v. Flowertree Nursery, 148 F.3d 1368, 1372 (Fed. Cir. 1998) ("Oral evidence alone cannot be clear and convincing evidence because of 'the frailty of memory of things long past and the temptation to remember facts favorable to the cause of one's relative or friend'"); Eibel Process Co. v. Minnesota & Ontario Paper Co., 261 U.S. 45, 60 (1923) ("The temptation to remember in such cases and the ease with which honest witnesses can convince themselves after many years of having had a conception at the basis of a valuable patent, are well known in this branch of law"); Barbed Wire Patent Case, 143 U.S. 275, 284 (1892) (the "unsatisfactory character of testimony" arises from "the forgetfulness of witnesses, their liability to mistakes, their proneness to recollect things as the party calling them would have them recollect them, aside from the temptation to actual perjury"); In re Reuter, 670 F.2d 1015, 1021 (C.C.P.A. 1981) (A "ten-year lapse of time, due to the frailty of human memory, detracts from the credibility of the affiant."); Lockheed Aircraft Corp. v. United States, 553 F.2d 69, 75, 193 USPQ 449, 454 (Ct.Cl. 1977) (five to six years); Rex Chainbelt Inc. v. Borg-Warner Corp., 477 F.2d 481, 177 USPQ 549 (CA 7 1973) (eight years); Goodrich v. Harmsen, 58 CCPA 1144, 442 F.2d 377, 169 USPQ 553 (1971) (nine years).

Thus, further reasons for the lack of substantial evidence relate to the particular facts of the Myhre Affidavit. As asserted, the events occurred no later than 1992, 11 years before the date the Myhre Affidavit was created. The accuracy of the affiant's memory must be questioned.

5.04. Hindsight Basis for Remembering

The accuracy of the affiant's memory must also be questioned because the Myhre Affidavit was only created 11 years after the events asserted in the Myhre Affidavit. By that time, the Examiner had already:

- read the Applicants' disclosure,
- construed Applicants' claims,
- conducted a prior art search for similar subject matter,
- applied references in two Office Actions against the pending claims, and
- read Applicants' arguments in Responses and in an Appeal Brief regarding the patentability of all pending claims.

It is extremely likely that the already distant memories of the affiant were influenced and embellished by reading and analyzing all of this information, and that hindsight affected the affiant's beliefs as to what actually transpired in the 1991 and 1992.

5.05. The Myhre Affidavit is Not Challengeable under 37 C.F.R. § 104(d)(2)

Pursuant to 37 C.F.R. § 104(d)(2), an affidavit of an Examiner must be "subject to contradiction or explanation by the affidavits of the applicant and other persons."

The need to allow contradiction or explanation presupposes that the assertions in such an affidavit are those that could in some way be countered or clarified by facts in another affidavit.

This need also presupposes that Applicants would solicit such additional affidavits in response to receiving an affidavit of an examiner.

Clearly, this rule would cover situations involving, e.g., facts and truths that could be analyzed by an applicant subsequent to receiving an affidavit of an examiner, so that the applicant could then collect additional facts by which to "contradict or clarify" the examiner's affidavit. Such situations include assertions as to, e.g., the chemical properties of substances, mechanical characteristics of apparatus components, and electrical properties of circuits. Particularly, such situations involve facts which, if proven today, demonstrate that they were previously true as well. Thus they are subject to contradiction because a current investigation or explanation can demonstrate the veracity of the assertions, or lack thereof.

However, an assertion of a public use, especially one in which no additional parties are made available to the applicant and the alleged activity has ceased, is not contemplated by the rule. Patent applicants could not "challenge" a statement of an allegedly public practice, especially one which was, of its face, not

widespread or readily disseminated beyond an extremely small group, and one which does not name corroborating witnesses who are available.

The Myhre Affidavit refers only to Examiner Myhre and other unspecified “customers.” Each of these parties is not available to the Applicants, and thus the Myhre Affidavit is not “subject to contradiction or explanation.” Examiner Myhre cannot be called upon by Applicant to testify or clarify his assertions under oath through the patent examination process. The remaining parties are unnamed, and there is no specificity as to who else might be able to contradict or deny the assertions in the Myhre Affidavit. It is not clear if any of the “customers” was aware of all of the aspects of the alleged practice described in the Myhre Affidavit.

Examiner Myhre has never offered any evidence that could corroborate the Examiner’s personal experience in 1991 and 1992. The alleged time period during which the personal experience took place potentially covers two entire calendar years. Examiner Myhre has never further specified any particular point in time during those years when the experience took place. Applicants have attempted on at least two occasions to get more specific information about the personal experience described in the Myhre Affidavit. Applicants have provided, for example, lists of requested information. The Examiner has never responded to these requests.

Accordingly, the Myhre Affidavit is not subject to contradiction or explanation, and thus contravenes the rule which provides for an affidavit of Examiner Myhre.

5.06. Assertions Are Not Those of an Unbiased, Objective, Third Party

As discussed above, Examiner Myhre provided the Myhre Affidavit only after reading the disclosure of the related application and receiving an Appeal Brief traversing rejections based on other references. Thus, the assertions are of questionable accuracy upon hindsight reconstruction based on Applicants’ disclosure. Further, Applicants recognize that it also may be difficult for the Examiner to decide to question or withdraw any portion of such assertions once the Examiner committed to using the personal experience as the primary basis for rejecting the claims. In that respect, Examiner Myhre cannot be said to be completely unbiased because Examiner Myhre has at least a partial interest in the ability to provide (and maintain) an unchallengeable rejection based on the personal knowledge.

5.07. Due Process Requires Corroboration or Cross-Examination

Due Process requires corroboration or cross examination. For example, adverse hearsay testimony has been precluded from being found to constitute

substantial evidence, where no opportunity is provided for cross-examination of the testimony. See, e.g., Doe v. United States, 132 F.3d 1430, 1435-37 (Fed. Cir. 1997). See generally II Richard J. Pierce, Jr., Administrative Law Treatise, § 9.11 p. 702 (4th ed. 2002) (citing cases from other circuits, such as Demenich v. HHS, 913 F.2d 882 (11th Cir. 1989), and Lidy v. Sullivan, 911 F.2d 1075 (5th Cir. 1990), which hold that parties have either a conditional or an absolute due process right, respectively, to subpoena the cross-examination testimony of authors of adverse hearsay evidence used in medical disability adjudications). Similarly, where there is a demonstrated reason to be concerned about the reliability of the hearsay evidence, denial of the opportunity for cross-examination either may preclude a finding of substantial evidence or may violate due process. See, e.g., Doty v. U.S., 53 F.3d 1244, 1251-53 (Fed. Cir. 1995).

Further, mere uncorroborated hearsay or rumor does not constitute substantial evidence.” Consolidated Edison Co. v. NLRB, 305 U.S. 197, 229, 83 L. Ed. 126, 59 S. Ct. 206 (1938); see also, Dickinson v. Zurko, 527 U.S. 150, 162, 50 U.S.P.Q.2D 1930, 144 L. Ed. 2d 143, 119 S. Ct. 1816 (1999) (“Zurko III”).

6. Examiner's Delayed Revelation of Additional Knowledge Beyond the Scope of the Myhre Affidavit

As discussed above, the Examiner provides various factual assertions that are dispositive of the usage of the Myhre Affidavit as a reference. Applicants believe, based on the Examiner’s reference to “Sprint” or “Radio Shack,” for instance, that the Examiner is likely referring to events or practices he witnessed while an employee of Radio Shack in 1991 and 1992. These factual assertions, however, are not supported by either the Myhre Affidavit or any other evidence of record.

If these factual assertions are maintained, as discussed above, we request appropriate evidentiary support in the record. If, for example, these factual assertions are based on actual evidence that the Examiner is aware of, we request that the Examiner cite such evidence and place it in the record. If, on the other hand, these factual assertions are based on a personal experience of the Examiner, we request that the Examiner document that personal experience with sufficient specificity in an affidavit per Rule 104(d)(2) to clarify for the record that those assessments of the prior art are based only on the Examiner’s memory.

If the factual assertions are based on personal experience, we also request clarification why a new affidavit has not been provided earlier. If the factual assertions are based on or are related to the same personal experience(s) described in the Myhre Affidavit, we also request clarification why the Myhre Affidavit does not include any description of such experience. In particular,

- when issuing all of the previous Office Actions:
 - did the Examiner have any memory of the new alleged personal experiences, or instead
 - did the Examiner only recall the alleged personal experiences after the Amendment and Response filed on October 4, 2004?
- if the Examiner did not recall the alleged personal experiences in light of the Amendment and Response filed on October 4, 2004, was there any publication or other document (including a patent application) read by the Examiner, a conversation with a third party (including another Examiner), or some other event that triggered the Examiner's memory of the personal experience, and if so, what was the nature of the event?

If the factual assertions are based on or are related to the same personal experience described in the Myhre Affidavit, the Examiner's incremental revelations, which are beyond the scope of the Myhre Affidavit regarding the alleged practice of Radio Shack™, further point out the problems relating to questionable memory, hindsight reasoning, the subjectivity of the Examiner's reliance on personal experience, and the potential for the understandable bias that may attend the most sincere of witnesses in assessing the limits of his own memory. The Examiner appears to be attempting to "fill in the gaps" in the Examiner's only documented recollection (the Myhre Affidavit) with newly-discovered recollections.

7. Applicable Law for Section 103(a)

7.01. Prima facie burden

The examiner bears the initial burden, on review of the prior art or on any other ground, of presenting a prima facie case of unpatentability. If examination at the initial stage does not produce a prima facie case of unpatentability, then without more the applicant is entitled to grant of the patent. In re Oetiker, 977 F.2d 1443, 1445, 24 U.S.P.Q.2D 1443, 1444 (Fed. Cir. 1992).

7.02. Claim interpretation must be consistent with the specification

During examination, claims are given their broadest reasonable interpretation that those skilled in the art would reach, consistent with the specification. In re Hyatt, 211 F.3d 1367, 1372, 54 U.S.P.Q.2D 1664, 1667 (Fed. Cir. 2000); In re Cortright, 165 F.3d 1353, 1359, 49 U.S.P.Q.2D 1464, 1468 (Fed. Cir. 1999). The "PTO applies to verbiage of the proposed claims the broadest reasonable meaning of the words in their ordinary usage as they would be

understood by one of ordinary skill in the art, taking into account whatever enlightenment by way of definitions or otherwise that may be afforded by the written description contained in applicant's specification." In re Morris, 127 F.3d 1048, 1054-55, 44 U.S.P.Q.2D 1023, 1027 (Fed. Cir. 1997).

7.03. Substantial evidence required for all factual findings

The Board is not permitted to accept conclusory, unsupported findings made by the Primary Examiner that are not supported by substantial evidence made of record.

All findings of fact by the U.S. Patent and Trademark Office must be supported by substantial evidence within the record. In re Gartside, 203 F.3d 1305, 1315, 53 U.S.P.Q.2D 1769, 1775 (Fed. Cir. 2000).

The Supreme Court has described "substantial evidence" in the following manner:

substantial evidence is more than a mere scintilla. It means such relevant evidence as a reasonable mind might accept as adequate to support a conclusion. . . . Mere uncorroborated hearsay or rumor does not constitute substantial evidence.

Consolidated Edison Co. v. NLRB, 305 U.S. 197, 229, 83 L. Ed. 126, 59 S. Ct. 206 (1938); see also, Dickinson v. Zurko, 527 U.S. 150, 162, 50 U.S.P.Q.2D 1930, 1935, 144 L. Ed. 2d 143, 119 S. Ct. 1816 (1999) ("Zurko III").

"[R]eview under this standard involves an examination of the record as a whole, taking into consideration evidence that both justifies and detracts from the agency's decision." Universal Camera Corp. v. NLRB, 340 U.S. 474, 487-88, 95 L. Ed. 456, 71 S. Ct. 456 (1951); Zurko III, 527 U.S. at 162.

7.04. Obviousness

The examiner bears the initial burden of establishing a prima facie case of obviousness based upon the prior art. In re Fritch, 972 F.2d 1260, 1265, 23 U.S.P.Q.2D 1780, 1783 (Fed. Cir. 1992); Oetiker, 977 F.2d at 1445. In the absence of a proper prima facie case of obviousness, an applicant who complies with the other statutory requirements is entitled to a patent. Oetiker, 977 F.2d at 1445.

To reject claims in an application under section 103, an examiner must show an un rebutted prima facie case of obviousness. In re Rouffet, 149 F.3d 1350, 1355, 47 U.S.P.Q.2D 1453, 1455 (Fed. Cir. 1998). The prima facie case is a procedural tool, and requires that the examiner initially produce evidence sufficient to support a ruling of obviousness; thereafter the burden shifts to the applicant to come forward with evidence or argument in rebuttal. In re Kumar, 418 F.3d 1361, 1366,

76 U.S.P.Q.2D 1048, 1050 (Fed. Cir. 2005). The patent applicant may attack the Examiner's prima facie determination as improperly made out, or the applicant may present objective evidence tending to support a conclusion of nonobviousness. Fritch, 972 F.2d at 1265. When rebuttal evidence is provided, the prima facie case dissolves, and the decision is made on the entirety of the evidence. Kumar, 418 F.3d at 1366; Oetiker, 977 F.2d at 1445.

In Graham v. John Deere Co., 383 U.S. 1, 148 U.S.P.Q. 459 (1966), the Supreme Court established the test for consideration and determination of obviousness under 35 U.S.C. § 103. In Iron Grip Barbell Co. v. USA Sports Inc., the Federal Circuit explained how obviousness must be determined using the four-part Graham test:

we employ the four-part test set forth in Graham v. John Deere Co., 383 U.S. 1 (1966). This test requires us to examine

- (1) the scope and content of the prior art;
- (2) the level of ordinary skill in the art;
- (3) the differences between the claimed invention and the prior art;
and
- (4) the objective evidence of nonobviousness. *Id.* at 17-18; see also 35 U.S.C. § 103 (2000).

392 F.3d 1317, 1320, 73 U.S.P.Q.2D (BNA) 1225 (Fed Cir. 2004); *see also*, Rouffet, 149 F.3d at 1355. U.S. Patent and Trademark Office policy is also to follow Graham. Accordingly, examiners should apply the test for patentability under 35 U.S.C. § 103 as set forth in Graham. M.P.E.P. § 2141 “35 U.S.C. 103; the Graham Factual Inquiries”, p. 2100-120, 8th ed., Rev. 2 (May 2004). Accordingly, during examination an examiner must conduct the four factual inquiries enunciated in Graham in determining obviousness of any claim.

The underlying factual determinations on which a conclusion of obviousness is allegedly based are reviewed to ascertain whether they are supported by substantial evidence. *In re Kumar*, 418 F.3d at 1365 (citing Gartside, 203 F.3d at 1316). Unsupported assessments of the prior art are unacceptable for purposes of review. “Rather, the Board must point to some concrete evidence in the record in support of these findings. To hold otherwise would render the process of appellate review for substantial evidence on the record a meaningless exercise.” *In re Zurko*, 258 F.3d at 1385-86. “[D]eficiencies of the cited references cannot be remedied by the Board’s general conclusions about what is ‘basic knowledge’ or ‘common sense,’” nor may the Board simply reach conclusions based on its own understanding or experience. *In re Zurko*, 258 F.3d at 1385; Lee, 277 F.3d at 1344. “[T]he Board must not only assure that the requisite findings are made,

based on evidence of record, but must also explain the reasoning by which the findings are deemed to support the agency's conclusion." Lee, 277 F.3d at 1344.

A determination of the level of ordinary skill in the art is an integral part of the Graham analysis. Ruiz v. A.B. Chance Co., 234 F.3d 654, 666, 57 U.S.P.Q.2D 1161, 1168 (Fed. Cir. 2000) (citing Custom Accessories Inc. v. Jeffrey-Allan Indus., Inc., 807 F.2d 955, 962, 1 U.S.P.Q.2D 1196, 1201 (Fed. Cir. 1986)). Ascertaining a level of ordinary skill in the art is necessary. M.P.E.P. § 2141.03.

In making the assessment of differences between the prior art and the claimed subject matter, Section 103 specifically requires consideration of the claimed invention "as a whole." Princeton Biochemicals, Inc. v. Beckman Coulter, Inc., 411 F.3d 1332, 1337 75, U.S.P.Q.2D 1051, 1054 (Fed. Cir. 2005); Ruiz v. A.B. Chance Co., 357 F.3d 1270, 1275, 69 U.S.P.Q.2D 1686, 1690 (Fed. Cir. 2004). Inventions typically are new combinations of existing principles or features. Env'tl. Designs, Ltd. v. Union Oil Co., 713 F.2d 693, 698, 218 U.S.P.Q. 865, 870 (Fed. Cir. 1983) (noting that "virtually all [inventions] are combinations of old elements"). The "as a whole" instruction in title 35 prevents evaluation of the invention part by part and requires a showing that an artisan of ordinary skill in the art at the time of invention, confronted by the same problems as the inventor and with no knowledge of the claimed invention, would have selected the various elements from the prior art and combined them in the claimed manner. Ruiz, 357 F.3d at 1275.

Whether a rejection is based on a purported combination of relevant teachings of separate references, or on a purported modification of the prior art, an examiner can satisfy the prima facie burden only by showing some objective teaching (either in the prior art or the knowledge generally available to one of ordinary skill) would lead to the purported combination or modification. Fritch, 972 F.2d at 1265-66; Rouffet, 149 F.3d at 1355-56. Also, where the examiner fails to explain the specific understanding or principle within the knowledge of a skilled artisan that would motivate one with no knowledge of the claimed invention to make an alleged combination of references, the court may infer that the examiner selected the references with the assistance of hindsight, which is forbidden. Lacking a motivation to combine, there is no prima facie case of obviousness. Rouffet, 149 F.3d at 1358. There must be some reason, suggestion, or motivation found in the prior art whereby a person of ordinary skill in the field of the invention would make the combination. That knowledge cannot come from the applicant's invention itself. Oetiker, 977 F.2d at 1447.

"Recognition of an unsolved problem does not render the solution obvious." Cardiac Pacemakers, Inc. v. St. Jude Medical, Inc., 381 F.3d 1371, 1377, 72

U.S.P.Q.2D 1333, 1337 (Fed. Cir. 2004) (“Recognition of a need does not render obvious the achievement that meets that need. There is an important distinction between the general motivation to cure an uncured disease (for example, the disease of multiple forms of heart irregularity), and the motivation to create a particular cure.”).

A “teaching or suggestion or motivation [to combine]” is an “essential evidentiary component of an obviousness holding.” C.R. Bard, Inc. v. M3 Sys., Inc., 157 F.3d 1340, 1352, 48 U.S.P.Q.2D 1225, 1232 (Fed. Cir. 1998). Evidence of a suggestion, teaching, or motivation to combine may flow from the prior art references themselves, the knowledge of one of ordinary skill in the art, or, in some cases, from the nature of the problem to be solved. In re Dembiczak, 175 F.3d 994, 999, 50 U.S.P.Q.2D 1614, 1617 (Fed. Cir. 1999); see also, e.g., Nat’l Steel Car, Ltd. v. Canadian Pac. Ry., Ltd., 357 F.3d 1319, 1337-39, 69 U.S.P.Q.2D 1641, 1655-56 (Fed. Cir. 2004) (finding that whether or not a drawing and disclosure had been disseminated to a sufficiently broad public so as to give either the status of a prior art reference, they (and corresponding witness testimony) were evidence relevant to whether a motivation to combine was implicit in the knowledge of one of ordinary skill in the relevant art).

“The range of sources available, however, does not diminish the requirement for actual evidence” showing the teaching or motivation to combine—“particular findings regarding the locus of the suggestion, teaching, or motivation to combine the prior art references” must be made. Dembiczak, 175 F.3d at 999-1000 (“Combining prior art references without evidence of such a suggestion, teaching, or motivation simply takes the inventor’s disclosure as a blueprint for piecing together the prior art to defeat patentability--the essence of hindsight.”). See also, In re Kotzab, 217 F.3d 1365, 1371, 55 U.S.P.Q.2D 1313, 1317 (Fed. Cir. 2000) (“Whether the Board relies on an express or an implicit showing [of a teaching, motivation, or suggestion to combine or modify], it must provide particular findings related thereto.”)

Any findings of prior knowledge in the field of the invention (including purported motivations to combine) must be supported by tangible teachings of materials made of record. Cardiac Pacemakers, 381 F.3d at 1376 (“Prior knowledge in the field of the invention must be supported by tangible teachings of reference materials”); Gambro Lundia AB v. Baxter Healthcare Corp., 110 F.3d 1573, 1578-79, 42 U.S.P.Q.2D 1378, 1383 (Fed. Cir. 1997) (“However, the record must provide a teaching, suggestion, or reason to substitute computer-controlled valves for the system of hoses in the prior art. The absence of such a suggestion to combine is dispositive in an obviousness determination.”).

8. Claim 5

The Examiner's assertions with respect to Claim 5 are not supported by substantial evidence, and no prima facie case of obviousness has been established. No actual evidence of record indicates that it would have been obvious to provide for selecting a second merchant from a plurality of merchants based on information received from the customer that does not include an indication of the at least one item that the customer is to purchase.

Logan generally discloses a system where a subscriber may pay for personalized content (e.g., sound files). The subscriber may also pre-arrange to have advertising presented in exchange for receiving credit. Combining Logan with the Myhre Affidavit would involve, at best, presenting advertisements from different advertisers to customers. The Examiner responds to this argument by equating advertisements with offers. Clearly, the two are not synonymous, and the combination of Logan with the Myhre Affidavit would not yield the claimed subject matter. The Examiner has not provided any actual evidence to support the Examiner's assertion of equivalence of "offer" and "advertisement."

9. Claim 6

Contrary to the Examiner's assertion, there is nothing in the Myhre Affidavit which states or suggests that an offer is in any way based on customer information. In fact, there is nothing that suggests that an offer is anything other than a predetermined "list of service plans offered by Sprint™", and accordingly offers are not subject to variation, much less based on customer information.

The Examiner responds to this argument by equating customer information with product information ("a certain brand and model of cellular telephone"). Claim 2 has been amended to clarify that "customer information" means information about the customer that does not the indication of the at least one item. Contrary to the Examiner's assertion, there is nothing in the Myhre Affidavit which suggests "other types of customer information, such as marital status." [Office Action, pages 5-6].

10. Claim 15 and 16

The Examiner's assertions with respect to Claims 15 and 16 contradict the allegations in the Myhre Affidavit. The "offer" is the "list of service plans", and if the customer information is "completing the Sprint service application form" as is alleged with respect to Claim 7, then such an offer is clearly provided before the customer information is received. Claim 2 has been amended to clarify that "customer information" means information about the customer that does not the indication of the at least one item. Contrary to the Examiner's assertion, there is

nothing in the Myhre Affidavit which suggests “other types of customer information, such as marital status.” [Office Action, pages 5-6].

11. Claim 42

Contrary to the Examiner’s assertion, nothing in the Myhre Affidavit suggests that an offer is performed only if a predetermined rule (e.g., customer indicates willingness to purchase cell phone) is satisfied (i.e. and not other times).

12. Claims 10 and 14

The Examiner acknowledges that the alleged personal experiences do not read on Claim 10. The Examiner fails to explain why the purportedly obvious benefit of verifying information was not performed during the alleged activities, since without such verifying "it may be impossible for Sprint to complete a credit check and issue an approval". The Examiner appears to respond to this argument by making additional assertions as to what (although he has no personal knowledge of it) Sprint did and what was well known. These assertions are clearly not suggested by any reference of record, and moreover there are many alternate explanations besides requiring verification of customer information. For example, Sprint™ could have simply run a credit check on the customer without first verifying any information, approved an application even if customer information could not be verified, or determined that the customer had not previously broken cellular telephone contracts. Note that none of the above are suggested by any references of record either.

13. Claims 11 - 13

Nothing in the Myhre Affidavit or Baker suggests assessing a penalty against a customer if the customer information is not accurate, much less the specific penalties of canceling the benefit or charging a penalty fee to the customer. The Examiner now responds to this argument by asserting that the Myhre Affidavit somehow “implies” (i) if a customer’s information cannot be verified, (ii) the transaction and offer are “refused,” and (iii) this refusal is penalizing the customer. [page 18]. Nothing in the references (including the Myhre Affidavit) supports any of the assessments (i-iii) of the prior art. Nothing in the Myhre Affidavit or Baker hints at the desirability of assessing a penalty in any way related to the accuracy of customer information.

14. Claims 56 - 60 and 63

Nothing in Myhre or Ellis suggests an offer for a reduction in the total price [of at least one item that a customer is ready to purchase from a merchant via a web site] in exchange for applying for a credit card account with a credit card issuer. The prior art of record only discloses that credit card issuers provide

application forms in the hopes that new customers will apply. The Examiner responds to this argument by asserting that the claim limitations pertaining to specific service or product (e.g., credit card account) have no patentable weight. We respectfully disagree.

15. Claim 61

The Examiner acknowledges that nothing in the Myhre Affidavit or Logan suggests that customer information is received and transmitted before an offer for a subsidy is provided. [page 10]. The Myhre Affidavit in fact explicitly contradicts this. The Examiner, however, simply provides the conclusory assertion that despite the Examiner's own conflicting recollection of the prior art, it still would have been obvious to provide for this claimed subject matter. The Examiner also appears to be (mis)interpreting the Myhre Affidavit as somehow implying that "the customer information has been received by the second merchant prior to selection of the offer," despite the statement in the Myhre Affidavit: "If the customer [after being informed of the discounted price] was interested, I would present a list of service plans offered by Sprint™.... Once the customer had chosen a plan...I would fax the application to Sprint™." Claim 61 as amended clarifies that the purchase itself is not customer information.

16. Claims 3, 4, 17 and 33 - 40

Nothing in the Myhre Affidavit or Saxe patent suggests, for a customer who is to purchase from a first merchant via a web site, receiving customer information which includes a service that is provided to the customer, or a service provider that provides a service to the customer. Nothing in the cited references suggests that it would have been desirable to modify the practice outlined in the Myhre Affidavit to receive information about a service that is provided to the customer, or a service provider that provides a service to the customer. There is no support for the Examiner's conclusory assertion of obviousness.

Similarly, nothing in the Myhre Affidavit or Saxe patent suggests, for a customer who is to purchase from a first merchant via a web site, receiving customer information from a party other than the customer. Nothing in the references suggests that it would have been desirable to modify the practice outlined in the Myhre Affidavit to receive information from a party other than the customer. There is no support for the Examiner's conclusory assertion of obviousness.

Similarly, nothing in the Myhre Affidavit or Saxe patent suggests, for a customer who is to purchase from a first merchant via a web site, determining a service provider that provides a service to the customer. Nothing in the references suggests that it would have been desirable to modify the practice outlined in the

Myhre Affidavit to determine a service provider that provides a service to the customer. There is no support for the Examiner's conclusory assertion of obviousness.

17. No Motivation to Combine any description in the Myhre Affidavit with any teachings of Logan

The Examiner proposes the following motivation to combine the practice described in the Myhre Affidavit with Logan:

"One would have been motivated to select the offer from a plurality of secondary merchants in order to give the customer greater latitude in the selection of service plans and providers, thus increasing the likelihood that the customer would accept the offer."

Office Action, page 4.

This motivation is found only in Applicants' disclosure. No reference of record provides this motivation. Accordingly, the Examiner has failed to demonstrate a *prima facie* case of obviousness. Also, recollection of the Examiner documented in the Myhre Affidavit is directed to a closed system where only a single cellular service provider (i.e., Sprint™) is required to activate a cellular telephone. It is well known that (especially during the time period in question) cellular telephones of a given manufacturer were operable with a single cellular service provider. Thus, it would make no sense to alter the assertions of the Myhre Affidavit to include, e.g., different service providers, which the purchaser of a cellular phone could not use with the phone.

There is no support in the record for the assertions made by the Examiner on page 19 (paragraph j). The Examiner has failed to establish a *prima facie* case of obviousness for any pending claim.

18. Non-analogous References

The Myhre Affidavit, Logan, Ellis and Saxe documents are directed to different fields of endeavor.

In particular, Logan involves advertising from a plurality of advertisers, while the Myhre Affidavit describes selling a bundle that includes a cellular telephone and a service required to use the cellular telephone. To rely on a reference under 35 U.S.C. § 103, it must be analogous prior art. The examiner must determine what is "analogous prior art" for the purpose of analyzing the obviousness of the subject matter at issue. "In order to rely on a reference as a basis for rejection of an applicant's invention, the reference must either be in the field of applicant's endeavor or, if not, then be reasonably pertinent to the particular problem with which the inventor was concerned." In re Oetiker, 977 F.2d 1443,

1446, 24 USPQ2d 1443, 1445 (Fed. Cir. 1992). See also In re Deminski, 796 F.2d 436, 230 USPQ 313 (Fed. Cir. 1986); In re Clay, 966 F.2d 656, 659, 23 USPQ2d 1058, 1060-61 (Fed. Cir. 1992) ("A reference is reasonably pertinent if, even though it may be in a different field from that of the inventor's endeavor, it is one which, because of the matter with which it deals, logically would have commended itself to an inventor's attention in considering his problem.").

The Examiner asserts that the references are analogous because

“selling various types of products are not in different fields, they are in the same field – sales.”

Office Action, page 19. The Examiner acknowledges that the references are directed to differing types of items or services and thus the references are directed to different fields. The Examiner argues, however, that all of the references contain some teachings under the broad rubric of "sales." From this alone, the Examiner concludes that “it is proper and correct to combine references drawn to purchasing differing types of items or services.” Office Action, page 20.

In summary, the Examiner has asserted that all references involving any type of transactions are analogous. By this logic, the following would all be analogous: bartering for produce at a bazaar, selling collectibles via a reverse auction, bidding on futures contracts for oranges, selling used goods at a tag sale, the Pentagon's system for receiving bids for military contracts, and selling real estate via the MLS (multiple listing service). Clearly, two references are not analogous merely because they refer to "transactions". The rubric “sales” is as overbroad as the rubrics “manufacturing,” “engineering,” or “physical sciences.”

The Examiner must provide actual evidence of record that one having ordinary skill in the art would have looked to the cited references to make the proposed modifications to the system allegedly witnessed by the Examiner in 1991 and 1992. The Examiner has failed to do so, and thus has not established evidence of motivation to combine any teachings of any references.

19. New Claims 65-70 Contain Allowable Subject Matter

All of new Claims 65-70 depend from independent Claim 61 and are believed to be allowable for at least the reasons stated in this paper with respect to Claim 61.

C. ADDITIONAL COMMENTS

Our silence with respect to the Examiner's other various assertions not explicitly addressed in this paper, including assertions of what the cited reference(s) teach or suggest, the Examiner's assessments of the prior art, or the Examiner's interpretation of claimed subject matter, is not to be understood as agreement with the Examiner. As the Examiner has not established an unrebuttable prima facie case of obviousness for any of the pending claims, for the reasons stated in this paper, we need not address the Examiner's other assertions at this time.

D. CONCLUSION

It is submitted that all of the claims are in condition for allowance. The Examiner's early re-examination and reconsideration are respectfully requested.

If the Examiner has any questions regarding this amendment or the present application, the Examiner is cordially requested to contact Michael Downs at telephone number (203) 461-7292 or via electronic mail at mdowns@walkerdigital.com.

Respectfully submitted,

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Date



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